



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

October 16, 2006

MEMORANDUM

To: Legislative Oversight Committee Members
Commission for MH/DD/SAS
Consumer/Family Advisory Committee Chairs
State Consumer Family Advisory Committee
Advocacy Organizations and Groups
North Carolina Association of County Commissioners
County Managers
County Board Chairs
North Carolina Council of Community Programs

State Facility Directors
Area Program Directors
Area Program Board Chairs
DHHS Division Directors
Provider Organizations
MH/DD/SAS Professional Organizations and Groups
MH/DD/SAS Stakeholder Organizations and Groups
Other MH/DD/SAS Stakeholders

From: Mike Moseley 

Re: **Communication Bulletin #064**
Standardized Guidelines for the Payment of Room and Board for Medicaid Eligible Children in Residential Placement

**State Plan
Communication Bulletin**

One of the areas that the Division of Mental Health, Developmental Disabilities and Substance Abuse Services has been working to standardize is the guidelines that Local Management Entities (LMEs) use to authorize state service funds. LMEs and providers have indicated that standardizing processes and practices is one way to ensure that services to consumers are delivered in a cost-effective manner. The authorization of state funds to pay for room and board for Medicaid eligible children receiving residential treatment services is a practice that has varied widely across the state and which has been very contentious. Therefore, we have decided to begin the process of developing standardized authorization guidelines for the use of state funds with that specific service. The new standardized authorization guidelines are attached. These guidelines are effective November 1, 2006.

As with any stated funded service, there is not an entitlement to the payment of room and board. LMEs are responsible for managing their state allocated funds in a manner that prioritizes services for target populations. Within that caveat, however, these standardized guidelines should provide more consistency in the authorization of this service throughout the state. The guidelines have been developed in accordance with basic principles of law, such as parental responsibility and the state and federal regulations governing the use of foster care payments and Supplemental Security Income (SSI) funding. The guidelines have been widely reviewed in draft form by LMEs and providers prior to the issuance of this communication.



To implement the new guidelines, also attached to this correspondence are three standardized documents which should be replicated on LME letterhead and distributed to residential providers. The first two are letters that the residential services provider will use to notify the County Department of Social Services or the parents/guardians of Medicaid eligible children receiving treatment of their responsibilities regarding room and board payments. The third document will be used by providers to submit the information necessary for the LME to make a decision regarding authorizing state funds for that purpose.

Should you have any questions regarding this Communication Bulletin, please contact us at ContactDMH@ncmail.net.

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DMH/DD/SAS

Standardized Guidelines Related to Use of State Funds for Payment of Room and Board for Medicaid Eligible Children Receiving Children's Residential Treatment Level II – IV Effective November 1, 2006

NOTE: Nothing in this policy shall be construed as creating an entitlement for the payment of room and board for Medicaid eligible children receiving treatment in Children's Residential Treatment Level II – IV services.

State and federal funds allocated by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services for services to children with mental health and substance abuse needs may be used to fund the cost of room and board for Medicaid-eligible children from families whose gross family income is at or below 200% of the federal poverty level. DMH/DD/SAS funds shall not be used to fund the cost of room and board for Medicaid-eligible children from families with gross family incomes over 200% of the federal poverty level.

Local Management Entities (LMEs) shall authorize the use of Division allocated funds for child mental health, child substance abuse and Comprehensive Treatment and Services Program (CTSP) services to pay for room and board costs for Medicaid eligible children receiving Children's Residential Treatment Level II – IV services in accordance with the following guidelines. LMEs may refuse to authorize requests for payment of room and board services which meet these guidelines only when the total amount of room and board payments that have been previously authorized for the fiscal year total 25% or more of the LME's total allocation of child mental health, child substance abuse, and Comprehensive Treatment Services Program (CTSP) funds, per the Final Continuation Allocation letter. These guidelines have been developed in accordance with basic principles of law, such as parental responsibility and the regulations around foster care funding and Supplemental Security Income (SSI) funding.

Authorization Guidelines:

1. The child is Medicaid eligible and Medicaid county of eligibility is in the LME's catchment area
2. Children's Residential Treatment Level II – IV services have been authorized by ValueOptions. When the policies regarding LME's concurrent review of Person Centered Plans for high risk/high cost consumers has been developed, the LME must have agreed with – or not disputed – the ValueOptions authorization.
3. If the child is in the custody of the County Department of Social Services, DSS foster care payments shall be used to cover the cost of room and board; no state funds shall be used for room and board costs.
4. If the child is not in DSS custody, the parent/guardian must make application for Supplemental Security Income (SSI) funding and, if approved, must use those funds to cover the cost of room and board in the residential service. No state funds shall be authorized in cases where the parent/guardian refuses to make application for SSI or refuses to remit SSI funds received to the provider. The parent/guardian must appeal a preliminary denial of SSI to the first level appeal.

5. If the child is not in DSS custody and SSI has been denied through the first appeal, the parent guardian may be required to participate in the cost of room and board, based upon the LME's fee schedule.

6. Providers requesting authorization of state funds for room and board shall submit documentation to the LME to verify that the child is not in DSS custody, that application for SSI has been denied through the first level appeal and that the entire family is eligible for Medicaid or that the family's total gross month income is at or below 200% of the federal poverty level.

7. Prior to authorizing the use of state funds to cover the cost of room and board, the LME shall review the documentation submitted to verify that the child is not in DSS custody, that SSI funding has been denied through the first appeal, and that the family's total gross monthly income is at or below 200% of the federal poverty level.

8. When state funds are authorized for the payment of room and board for Medicaid-eligible children in accordance with these guidelines, the payment rate must be the statewide established room and board rate for the level of care of the service, less any first party payments based upon the LME's fee schedule. As of 11/1/06, the statewide established rates are:

- Level II (based upon foster care rates): under 5 years of age = \$13/day, ages 6-12 = \$14.66/day, ages 13-18 = \$16.33/day
- Level III and IV (based upon the maximum individual SSI payment in NC - \$603/month) = \$20.10/day

9. In recognition that applications and one level of appeal for SSI may take some time to be acted upon, the LME shall provide up to six months retroactive authorization from the date of application for SSI for room and board for children for whom SSI application was made but ultimately denied.

10. LMEs are not obligated to cover the cost of room and board for therapeutic leave days for Medicaid-eligible children.

NOTE: If a LME authorizes state-funded residential treatment for a non-Medicaid eligible child, room and board corresponding to that service authorization shall be authorized in accordance with this policy, except that the LME shall not refuse to authorize room and board on the basis of having reached 25% of their child services funds allocation.